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June 27, 1996

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Mr. William Caton  
Secretary  
Federal Communications Commission  
Room 222  
1919 M. St., N.W.  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

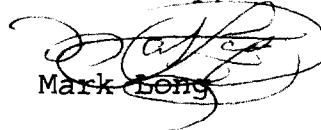
RE: EX PARTE PRESENTATION. Implementation of the Local  
Competition Provisions of the Telecommunications Act of  
1996; CC Docket No. 96-98

Dear Mr. Caton:

This is an ex parte notice, pursuant to 47 CFR 1.1206 of the Federal Communication Commission rules. President P. Gregory Conlon of the California Public Utilities Commission and Jonathan Lakritz of the California Public Utilities Commission staff met on June 25, 1996, from 12:00 p.m. to 12:30 p.m. with Commissioner Ness and James L. Casserly of the Commissioner's staff. The purpose of the meeting was to discuss interconnection issues and their relationship to state activities in the above docket. Attached is a presentation handout and a letter given at the meeting.

We are filing an original and one copy of this written notice to the Secretary as well as copies to the staff who attended.

Sincerely,

  
Mark Long

**Public Utilities Commission**

STATE OF CALIFORNIA  
505 VAN NESS AVENUE  
SAN FRANCISCO, CALIFORNIA 94102

**P. Gregory Conlon**  
PRESIDENT

TEL: (415) 703-8440  
FAX: (415) 703-8534

June 25, 1996

The Honorable Rachelle Chong, Commissioner  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Dear Commissioner Chong:

Thank you for the opportunity to discuss California's concerns about the upcoming interconnection order. Like the FCC, California has been working diligently to implement local competition in the telecommunications market. As we move forward to implement the terms of the 1996 Act, we urge you to craft rules that will give states the flexibility necessary to foster local competition. The 1996 Telecommunications Act presents both the FCC and states with valuable guidance on implementing local competition.

California's "menu of options" allows the FCC and states to fulfill their respective obligations as defined in Sections 251 and 252 of the 1996 Act. The "menu of options" creates a framework for the FCC to assure that the competitive goals of act are met and gives the states flexibility to respond to local market conditions and the expectations of consumers. While California has substantial experience in implementing local competition, other states have yet to begin the process. The "menu of options" preserves the advances made by progressive states and provides important and necessary direction to states just starting to implement local competition.

In considering your final rules, we sincerely hope that you will consider California's option approach because it provides a workable solution to many implementation issues that the 1996 Act does not resolve.

Sincerely,

*Original Signed By President*

P. Gregory Conlon  
President of the Commission

# **A National Interconnection Program--Balancing The Needs**

**A Briefing For FCC Commissioners**

**June 25, 1996**

# Interconnection Rules

## A Unique Opportunity For The FCC and The States

- FCC's Challenge--Implementing the Act
  - Balance national goals for local competition with state role in Act implementation
  - Rules must be issued in August and easy to implement
- California's Experience Is A Useful Lesson
  - California--the largest market in the nation
  - All the major players participate
  - More competitors in California than any other state

# California's Rules Promote Competition

- Our interconnection rules allow for market solutions
  - Preferred Outcomes - Competitor Mutual Agreements
  - Review policies in response to market changes
  - Arbitration is a key component of our policy
- Our interim resale rates allow for quick entry
  - Wholesale differential easily determined
  - Based on FCC data

# California's Menu Of Options Promotes Competition

- A Product of State Experience and Competitors Interests
  - Represents over 2 years of “hands on” experience promoting and implementing competition
  - Builds on an interconnection framework that competitors and incumbents have found useful
- Allows FCC and States to Meet Their Goals
  - Framework to ensure competition develops in all states
  - Flexibility to states to respond to local market conditions

# Highly Detailed National Rules Would Be Problematic

- National Rules Not Easily Crafted
  - States at different stages
    - progressive states could spend valuable time rewriting their rules
    - states just beginning may have extensive upfront preparation
- FCC addresses rules for the first time
- Progressive have experimented
- Flexibility is the hallmark of a competitive market